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November 15, 2004

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**Federal Communications Commission  
Office of Secretary**

**BY HAND DELIVERY**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, D.C. 20554

Re: Pay Telephone Reclassification and Compensation Provisions of the  
Telecommunications Act of 1996, CC Docket No. 96-128, Audit Report

Dear Ms. Dortch:

On behalf of ITC^DeltaCom Communications, Inc. and Business Telecom, Inc. (collectively, the "Company"), and in accordance with section 64.1320(b) of the Commission's rules, 47 C.F.R. § 64.1320(b), enclosed please find an original and four copies of the Company's System Audit Report.

The person responsible for handling the Company's payphone compensation and for resolving disputes over such compensation is as follows:

Ron Tieskoetter  
ITC^DeltaCom/BTI  
1791 O.G. Skinner Drive  
West Point, GA 31833  
(706) 385-8081 (telephone)  
rtieskoetter@itcdeltacom.com

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KELLEY DRYE & WARREN LLP

Ms. Marlene H. Dortch  
November 15, 2004  
Page Two

Please contact me at (202) 887-1234 if you have any questions regarding this filing.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "jennifermkashatus".

Jennifer M. Kashatus

Enclosure

cc: Darryl Cooper

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**ITC DELTACOM, INC.  
EXAMINATION REPORT ON  
CALL TRACKING SYSTEM  
SEPTEMBER 30, 2004**

# ITC DELTACOM, INC.

## CONTENTS

Report of Independent Accountants.....	2
Management's Representation of Compliance .....	3 – 4
Compensation Dispute Resolution Process.....	5 – 6



HIMMELWRIGHT & HUGULEY, LLC  
*Certified Public Accountants*

**Report of Independent Accountants**

To the Board of Directors of  
ITC Deltacom, Inc.

We have examined management's assertion that its call tracking system accurately tracks payphone calls to completion in accordance with its representation of compliance set forth on page 3 and 4 of the examination report as of September 30, 2004. The company's management is responsible for the assertion. Our responsibility is to express an opinion on the assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting management's assertion and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, management's assertion referred to above is fairly stated, in all material respects, based on Section 64.1310 (a) of Part 64 of the Federal Communications Commission's Code of Federal Regulations as of September 30, 2004.

Our examination was made for the purpose of forming an opinion on management's assertion referred to above. The accompanying information listed as Compensation Dispute Resolution Process in the table of contents is presented for the purposes of additional information and is not a required part of the report. Such information has not been subjected to our examination procedures, and accordingly, we express no opinion on it.

*Himmelwright & Huguley, LLC*

October 25, 2004

**ITC DELTACOM, INC.**  
**MANAGEMENT'S REPRESENTATION OF COMPLIANCE**  
**SEPTEMBER 30, 2004**

ITC Deltacom, Inc. (the "Company") on behalf of its subsidiaries, ITC^DeltaCom Communications, Inc., and Business Telecom, Inc., believes that its call tracking system accurately tracks coinless access code and subscriber toll-free payphone calls to completion in accordance with Section 64.1310 (a) of Part 64 of the Federal Communications Commission's Code of Federal Regulations. All calls with info digits equal to 27, 29 or 70 are identified by the Company as calls originating from payphones. Calls with info digits equal to 07 may or may not be from a payphone and are not compensable per FCC regulations. All calls with info digits equal to 27, 29 or 70 and with a duration time exceeding 0 seconds are identified by the Company as compensable payphone calls. The Company tracks each of those calls to completion. All calls not in compliance with the aforementioned criteria for compensable payphone calls are defined by the Company as noncompensable. The Company uses the National Payphone Clearinghouse, ("NPC") as their clearinghouse who ultimately submits payment to payphone service providers on behalf of the Company. The Company submits an electronic file, quarterly, consisting of all completed toll-free calls, based upon the aforementioned criteria, from the Company's call tracking system to NPC. NPC matches the payphone's automatic number identification ("ANI") in the electronic file to those ANI's already in NPC's database and issues payment to Payphone Service Providers accordingly.

In summary, pursuant to Section 64.1320 (c) of Part 64, the Company has implemented the following:

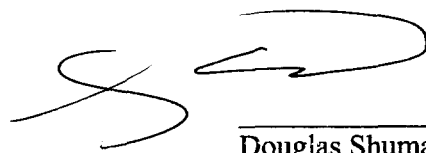
1. The Company has implemented procedures and policies to accurately track payphone originated calls to completion.
2. The Company's representative responsible for tracking, compensating, and resolving disputes concerning payphone calls is Ron Tieskoetter, Vice President of Line Cost. Contact information and Dispute Resolution Process information is included in the accompanying information listed as Compensation Dispute Resolution Process in the table of contents. The Company has contracted with NPC as its clearinghouse to make payments on the Company's behalf.
3. The Company has developed data monitoring procedures to track completed payphone records from call origination through to payment.
4. The Company has established internal protocols to ensure that any software, personnel or other network changes do not adversely affect its payphone call tracking ability.
5. The Company submits an electronic file to NPC consisting of all completed toll-free calls and NPC matches the ANI and issues payment to the appropriate Payphone Service Providers.

*See Report of Independent Accountants.*

**ITC DELTACOM, INC.**  
**MANAGEMENT'S REPRESENTATION OF COMPLIANCE (CONTINUED)**  
**SEPTEMBER 30, 2004**

6. The Company has developed procedures to incorporate call data into required reports through NPC.
7. The Company uses both NPC and designated internal personnel at the Company to resolve any disputes regarding compensation claims.
8. The Company has retained the services of auditors, Himmelwright & Huguley, LLC who have concluded their audit of the Company's compliance systems.
9. As noted above, all calls with info digits equal to 27, 29 or 70 are identified by the Company as calls originating from payphones. Calls with info digits equal to 07 may or may not be from a payphone and are not compensable per FCC regulations. All calls with info digits equal to 27, 29 or 70 and with a duration time exceeding 0 seconds are identified by the Company as compensable payphone calls. The Company tracks each of those calls to completion. All calls not in compliance with the aforementioned criteria for compensable payphone calls are defined by the Company as noncompensable. The Company uses NPC as their clearinghouse who ultimately submits payment to payphone service providers on behalf of the Company. The Company submits an electronic file, quarterly, consisting of all completed toll-free calls, based upon the aforementioned criteria, from the Company's call tracking system to NPC. NPC matches the payphone's ANI in the electronic file to those ANI's already in NPC's database and issues payment to Payphone Service Providers accordingly.

Sincerely,



Douglas Shumate  
Chief Financial Officer  
ITC Deltacom, Inc.

Date: October 25, 2004

*See Report of Independent Accountants.*



**ITC DELTACOM, INC.**  
**COMPENSATION DISPUTE RESOLUTION PROCESS**  
**SEPTEMBER 30, 2004**

**I. INTRODUCTION**

Instructions on contacting and pursuing Compensation disputes, questions and/or concerns regarding Dial Around Compensation ("DAC") with ITC^DeltaCom or BTI are as follows:

Please forward all requests to one of the following addresses (***NO TELEPHONE CALLS PLEASE***):

Ron Tieskoetter  
ITC^DeltaCom/BTI  
1791 O.G. Skinner Drive  
West Point, GA 31833

OR

[rtieskoetter@itcdeltacom.com](mailto:rtieskoetter@itcdeltacom.com)

**II. PROCEDURES**

Please provide the following information to assist ITC^DeltaCom in researching the question or issue:

- 1). The information should be sent in an Excel spreadsheet, Text File or Word Document. Each request should arrive by email or US Mail to the addresses listed above;
- 2). Please provide the PSP Name and ID number;
- 3). The particular Process (*paid*) and Claim quarter(s) in question;
- 4) The ANI(s) in question; and
- 5). A description of the problem.

*See Report of Independent Accountants.*

**ITC DELTACOM, INC.**  
**COMPENSATION DISPUTE RESOLUTION PROCESS (CONTINUED)**  
**SEPTEMBER 30, 2004**

**III. RESOLUTION AND PAYMENT PROCESS**

A. Interest

If ITC^DeltaCom finds that it has not paid for incorrect reasons, ITC^DeltaCom will pay interest to the PSP upon the release of payment.

B. Response Time

After the PSP has provided ITC^DeltaCom with all of the appropriate documentation needed to research the issue, ITC^DeltaCom will respond within a commercially reasonable time frame.

C. Payment Process

Once the issue has been resolved and payment is to be released, the National Payphone Clearinghouse ("NPC") will issue payments during the next cycle payment process.

*See Report of Independent Accountants.*

